

Cross-Functional Fraud Prevention:

Working with IT, Procurement, and Treasury

Presented by:

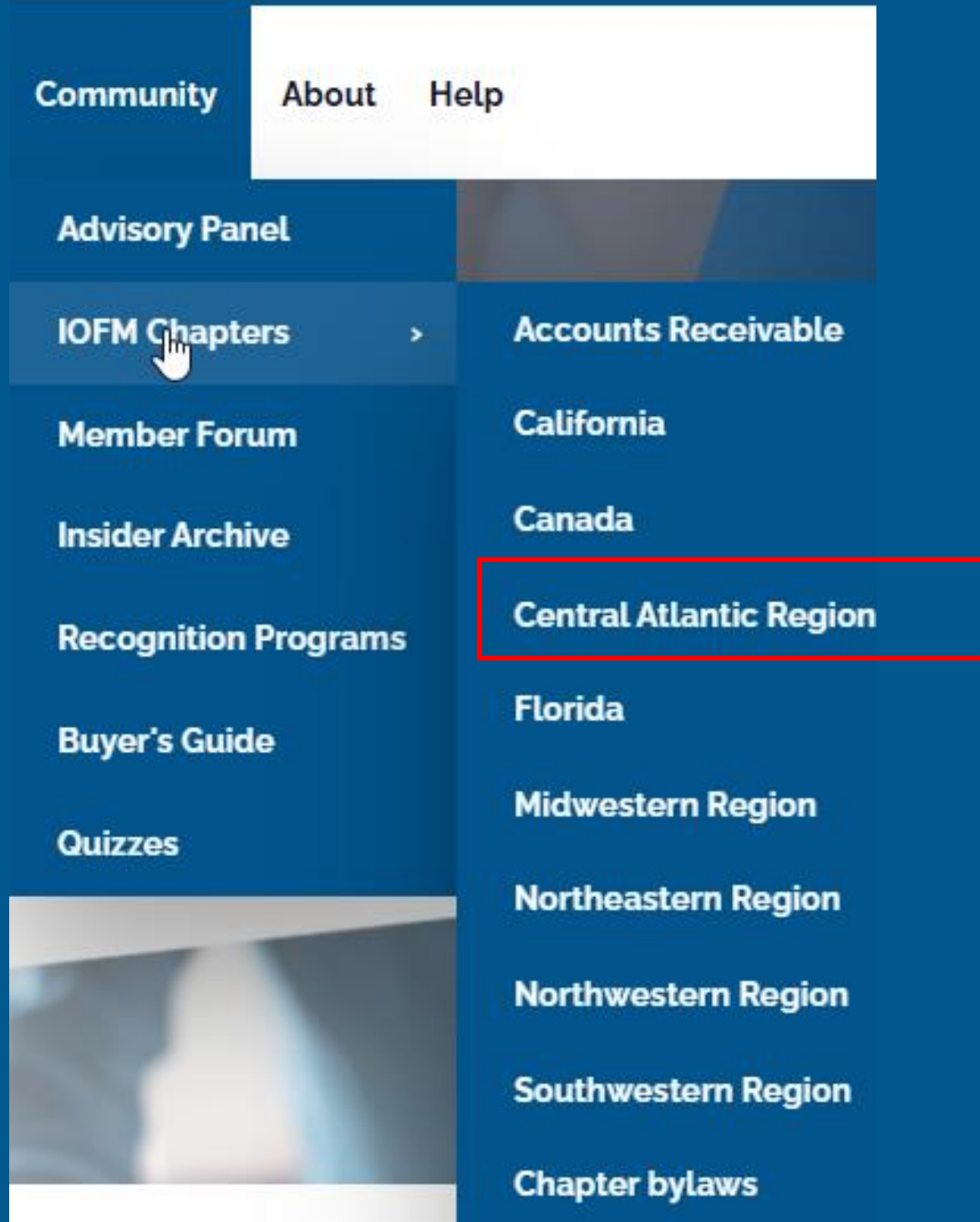
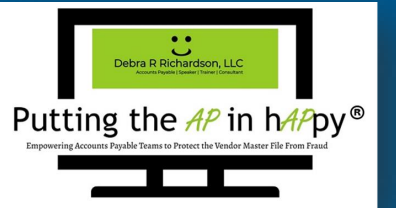
Debra R Richardson, MBA, CFE, APM, APPM, CPRS

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- Navigate to website: iofm.cnf.io
or scan the QR code →
- Check-in and check-out of your sessions to track your attendance for NASBA CPEs
- Certified with IOFM? No need to check-in and out of sessions. Self-report CEUs on IOFM.com instead after the event!



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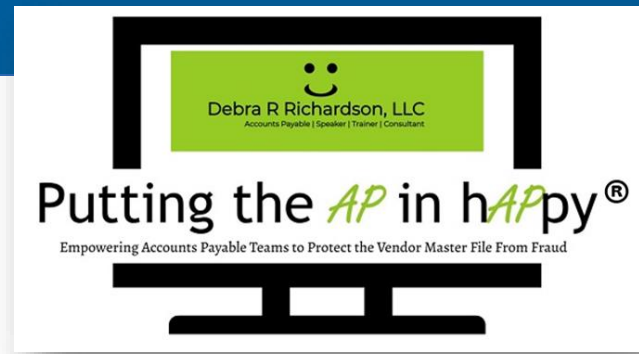
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Benefits:

- 1. CEU Requirement for Certification(s):** Leaders earn 3 CEUs per meeting hour and attendees earn 1 CEU per meeting hour. *Earn by watching on-demand – 3 Available*
- 2. Leadership:** Help to plan events, create members' only resources and activities that will enhance careers and knowledge
- 3. Career:** Add the membership to your LinkedIn Profile and join Chapter Groups
- 4. Networking / Engagement:** Meet other like-minded professionals to discuss pain points and resolutions
- 5. Discounts –** Get discounts on E-Learning and New Memberships



The Speaker

Debra R Richardson,
MBA, CFE, APM,
APPM, CPRS



An accounts payable speaker, consultant, and trainer with over 20 years of experience in AP, AR, general ledger, and financial reporting for Fortune 500 companies including Verizon, General Motors and Aramark.

For over a decade, I have focused on Accounts Payable including Global Vendor Maintenance for 140K+ active vendors across seven ERPs, managing a team processing over 2,000 vendor requests per month.

Now I work with AP teams to implement authentication techniques, internal controls, vendor validations and best practices to prevent fraud, regulatory fines and bad vendor data.

I host a weekly podcast: “Putting the AP in hAPpy”.

Clean-Up Your Vendor Data
Clean-Up Your Vendor Processes
Pay the Right Vendor

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Agenda

- Why Fraud Prevention is a Cross-Functional Effort
- Working With IT
- Working With Procurement
- Working With Treasury
- Actionable Takeaways

Why Fraud Prevention is a Cross-Functional Effort

Fraud in Accounts Payable - US

FBI Internet Crime Complaint Center: FBI 2025 Report of IC3 Complaints

Total Complaints



Average of 2,763 per day

Business Email Compromise (BEC) Scams



\$3 Billion in Losses

States by Complaint Count		
Rank	State	Complaints
1	California	116,414
2	Texas	97,912
3	Florida	71,843
4	New York	45,255
5	Illinois	32,977
6	Pennsylvania	31,154
7	Arizona	28,868
8	Ohio	27,626
9	North Carolina	25,940
10	Georgia	25,936

States by Complaint Loss		
Rank	State	Loss
1	California	\$3,674,716,305
2	Texas	\$1,825,636,181
3	Florida	\$1,596,138,595
4	New York	\$1,226,307,877
5	New Jersey	\$660,411,901
6	Arizona	\$630,700,609
7	Pennsylvania	\$537,787,231
8	Illinois	\$535,255,201
9	Georgia	\$534,581,965
10	Virginia	\$476,120,025

Business Email Compromise (BEC): BEC is a scam targeting businesses or individuals working with suppliers and/or businesses regularly performing wire transfer payments. These sophisticated scams are carried out by fraudsters by compromising email accounts and other forms of communication such as phone numbers and virtual meeting applications, through social engineering or computer intrusion techniques to conduct unauthorized transfer of funds.



Vendor Add / Change Process



Fraud and Fines

Targeted with fraudulent email requests to divert payments or no efficient way to perform watchlist checks prior to each payment.

Compliance Rules/Regulations

Constant changes to rules and requirements require ongoing training and education.



Inefficient Validations

Lack the vendor data that is needed to perform validations and the need for several or different validations based on vendor.

Manual Process

From the submission of inquiries and vendor documents via unsecure email, phone or paper.



What is Considered Sensitive Personal Information in the Vendor Master File?

Tax ID – For US vendors, it can either be the Employer Identification Number (EIN), the Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN). Both the SSN and the ITIN can be assigned to an individual, and as such, they are considered sensitive personal information. Since some accounting systems have one field for either tax identification number, the Tax ID should still be considered sensitive personal information.

Banking Details – Many companies include banking details on their invoices (especially International vendors) because the accounts that AP uses is a “deposit only” account or they are using a Universal Payment Identification Code (UPIC). That is not always the case. Many Individuals or Single Member LLCs do not utilize either, so banking details are considered sensitive personal information.

Birth Date – In specific scenarios, the IRS and some Countries (Italy) requires the collection of a birthdate for Foreign Individuals. Birthdates are considered sensitive personal data that should only be collected for regulatory requirements.

Vendor Master File – Strategic Use Across the Organization



Nacha Rules Compliance



Confirmation Call

- Don't Have Contact Information
- Vendors Don't Pick Up
- Vendor's Won't Confirm
- Proof of Confirmation?



Micro-Entries

- Setup is Required
- Deposits Can Take 1-2 Business Days
- Vendors Don't Prioritize Validation
- Vendors Won't Send Valid Screenshot



Bank Account Ownership Validation

- Third Party Provider - Matters To Find All Accounts Searched
- Does Not Wait for Vendor to Answer
- Can Provide Instant Access – No IT Team Required
- Time-Stamped Proof of Validation

Working With IT

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Vendor Team <> IT

Vendor Team Focus

- Accounting System / ERP
 - VMF Configuration
 - Bank / Check Payment Files
 - Positive Pay Files
 - Access to Vendor Master File
 - External Systems
- Email
 - Detect Fraudulent Emails
- Fraud
 - Internal / External Fraud

IT Focus

- Accounting System / ERP
 - External Files
 - Integration with External Systems
 - System Access
 - System Documentation
- Email
 - Reduce Fraudulent Emails
 - Allow Legitimate Emails
- Fraud
 - Internal / External Fraud



Systems/IT Team Can Help – Least Privileged Access



01

Identify security roles available and what they offer access to see



02

Identify roles/access each position needs for their functions



03

Pull reports to check access by security role/function/job



04

Identify those that have access to sensitive data and determine if it is necessary for their function/job



05

Update Security Roles/Access and repeat monthly



Systems/IT Team Can Help – Mask Sensitive Data



Outside of the Vendor Team - Who Really Needs to see the that Sensitive Data?

- Mask all except the last 4 or 5 digits
- Don't show the Routing Number
- Don't show the Birthdate

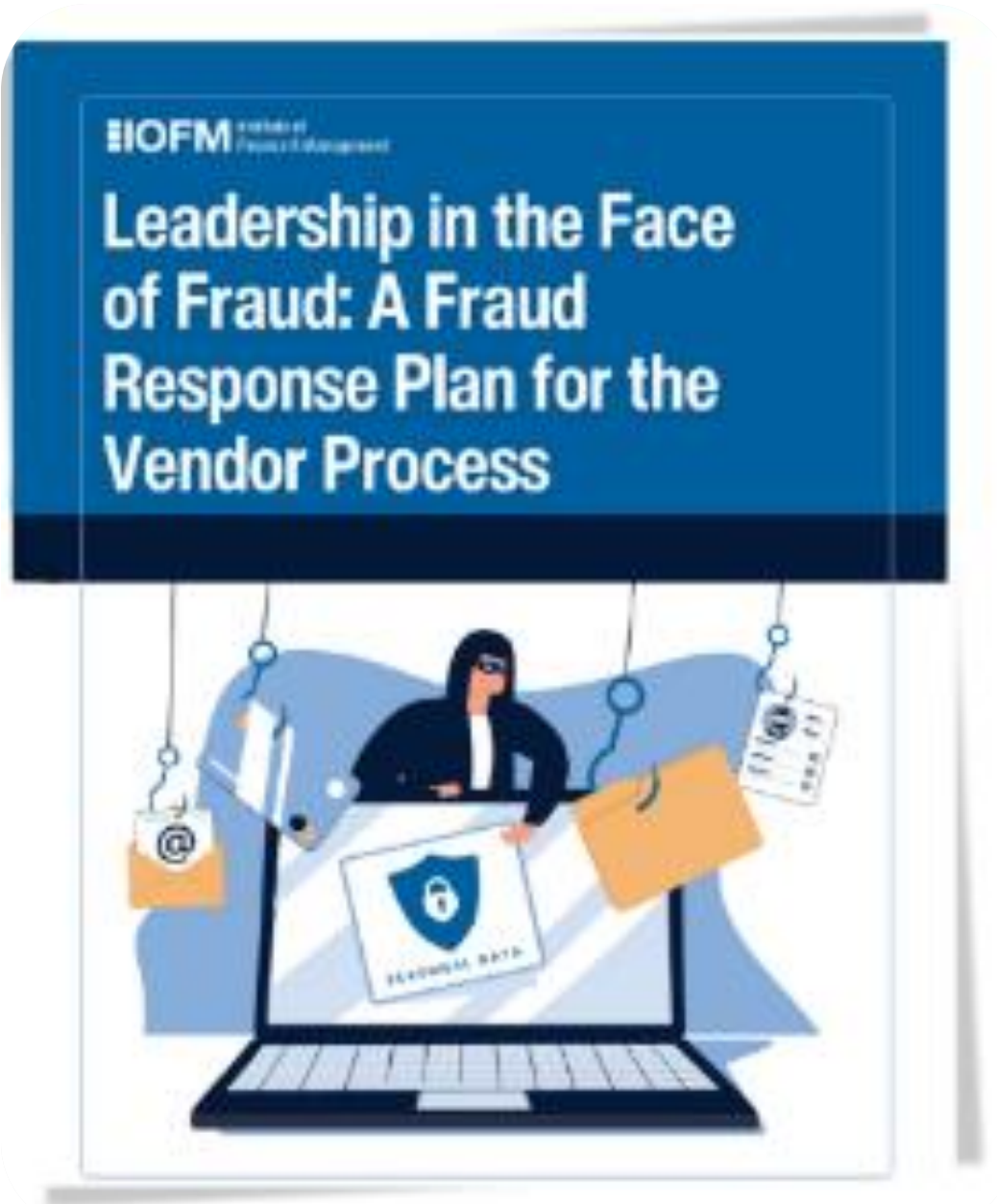
- *Best Practice: AP Invoice Processing Team – Masked Only*
- *Best Practice: Non-AP / Non-Vendor Maintenance – Masked Only*



Systems/IT Team Can Help – Fraud Response Plan



Systems/IT Team Can Help – Fraud Response Plan



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Share With the IT and/or Information Security Team



Document Your Controls



Document for Your Business Continuity Plan

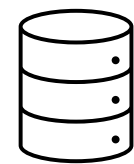


Provide Additional Controls



How IT Can Hurt Fraud Prevention

\$ Projects – Costs & Labor



Allowing Access to the Vendor Master File

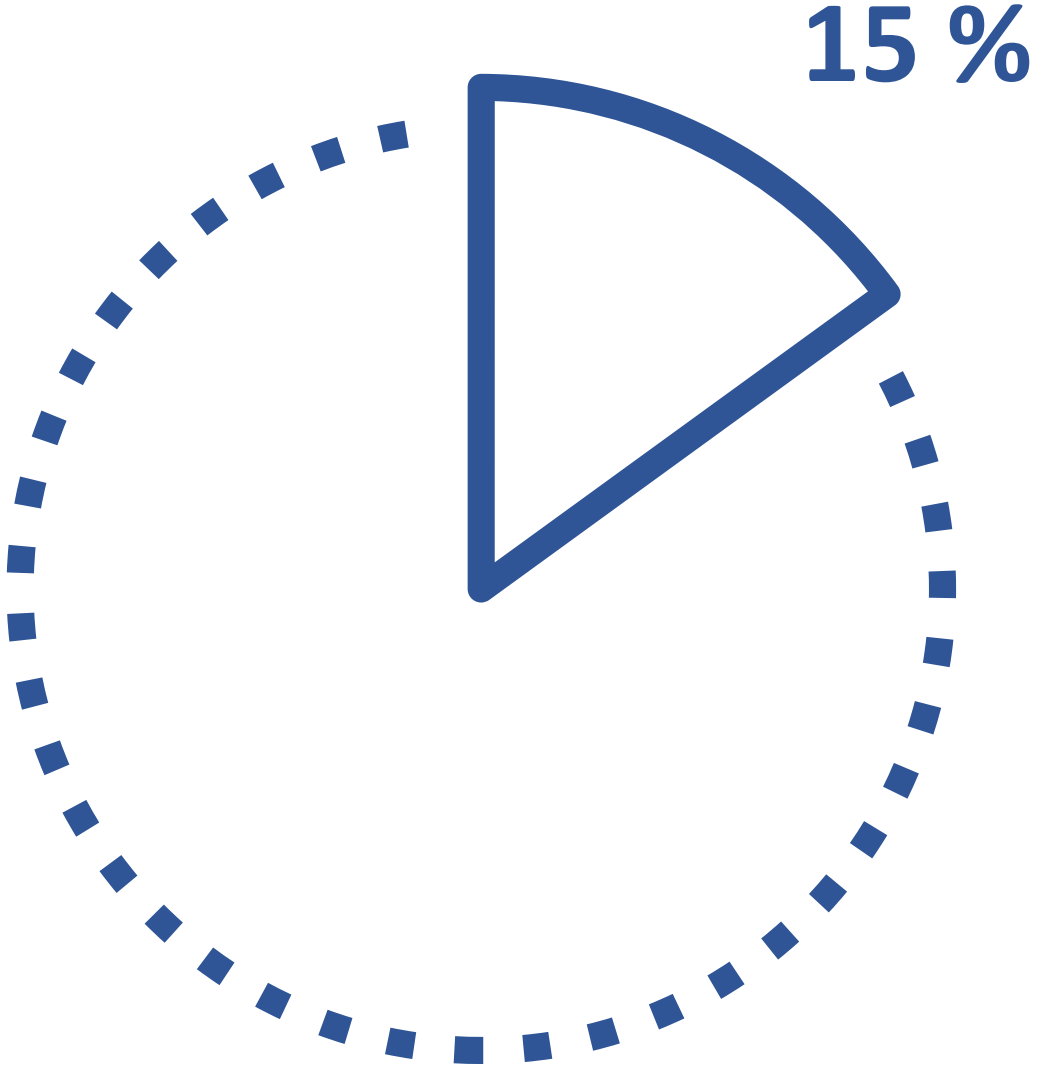


Lack of Documentation for Accounting System/ERP



How IT Can Hurt Fraud Prevention

Email Security is not 100%
And IT Email Filter Strategies
Designed to Transfer Blame



How IT Can Hurt Fraud Prevention

Convincing Leadership That Cybersecurity Awareness Training is All That Is Needed
Too General for the Accounts Payable / Vendor Team



**Don't Click on
Links or
Attachments**



**Examine 26 Points
in the Email**



**Urgency is a Red
Flag for Fraud**



Working With Procurement

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Vendor Team <> Procurement

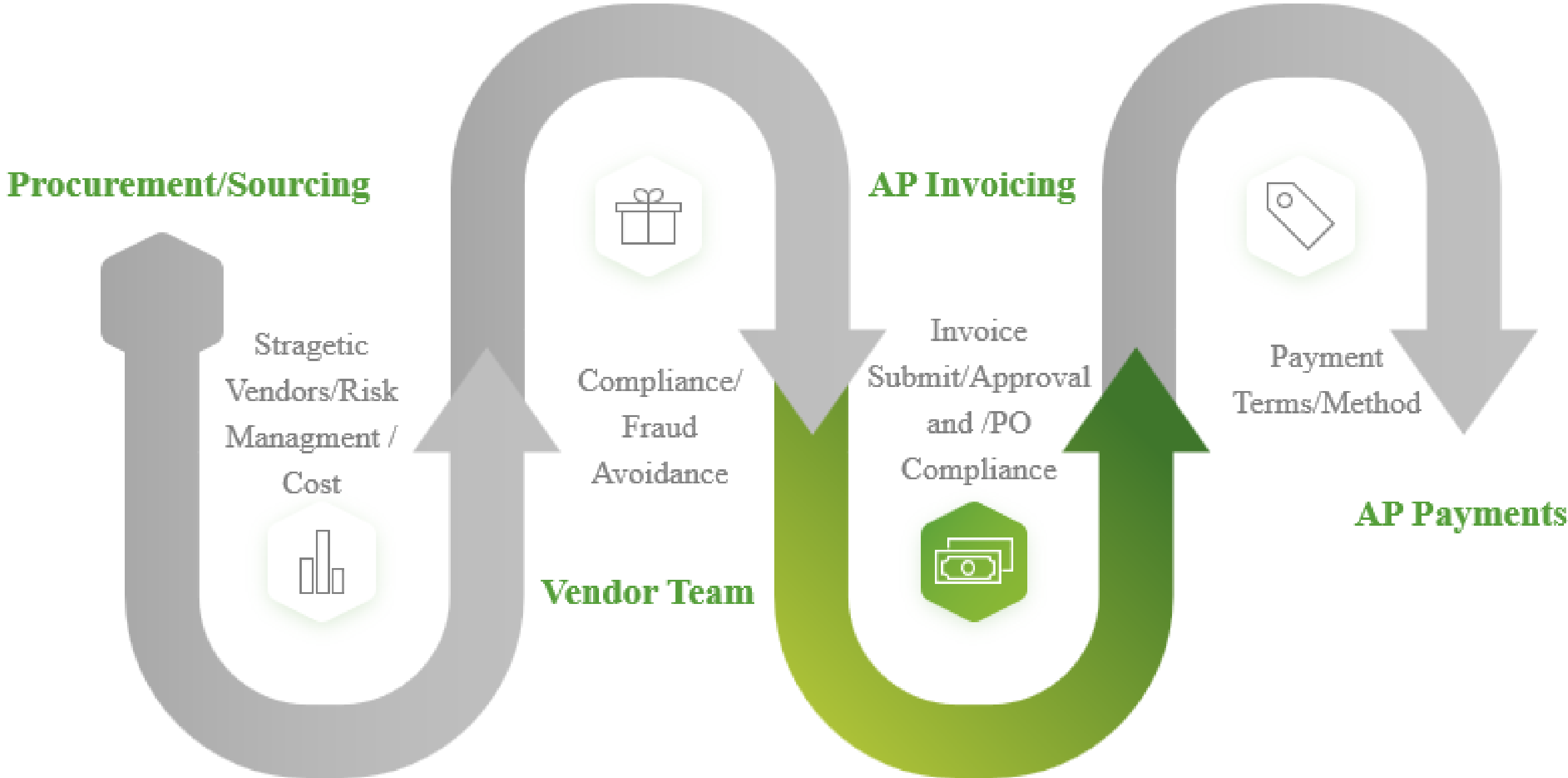
Who Owns The Vendor Master File?



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Procurement Has a Different Focus



Vendor Team <> Procurement

Vendor Team Focus

- Vendor Add / Change
- Compliance Requirements
 - IRS TIN Matching
 - Tax Reporting
 - Data Validation
 - Watchlist Validation
 - Active Vendors Only
 - Nacha Rules
- PO and Non-PO Vendors
- Contract / Statement of Work
 - Payment Terms
 - Updates
- Fraud Avoidance
 - Internal / External Fraud

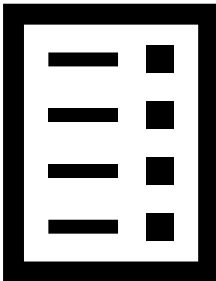
Procurement Focus

- Vendor Add / Change for PO Creation
- Ordering Address
- Auto Purchase Order Delivery
 - Email Address
 - Fax Number
- Strategic Vendors
 - Limiting New Non-Strategic Vendors
- High Level Reporting
 - Parent/Child
- Purchase Order Compliance
- Fraud Avoidance
 - Internal Fraud

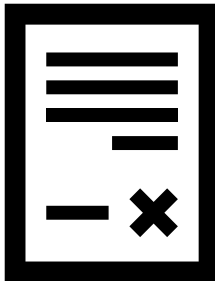


Risk of Fraudulent Information

Pending
Invoices



Vendor / Bank
Letterhead



Internet
Search Results



Collect Valid Vendor Contact Information

Buyer

Internal Team Member

Internal Vendor Request Form

New Vendor Request
 Existing Vendor Change

Vendor ID Leave Blank if New Vendor Requested By Employee ID
Vendor Legal Name Employee Name
Vendor DBA Name Date Requested
Vendor Address Date Required

Vendor Contact Information (Name, Email, Telephone)

Do You Have a Personal Relationship With the Vendor? No Yes
If you answered 'Yes' - What is Your Relationship to the Vendor?

Reason for Vendor Request

Authorization

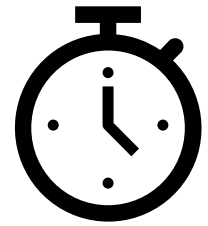
Approval Signature Date

Authorized Approvers: Project Manager, Discipline Leader or Controller
Email completed form to: youremailaddress@yourcompany.com

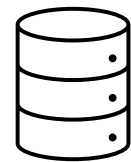
Version 1.0 Vendor Request Form



How Procurement Can Hurt Fraud Prevention



Urgent Requests



Requesting Access to Vendor Master File



Managing the Vendor Master File



Working With Treasury

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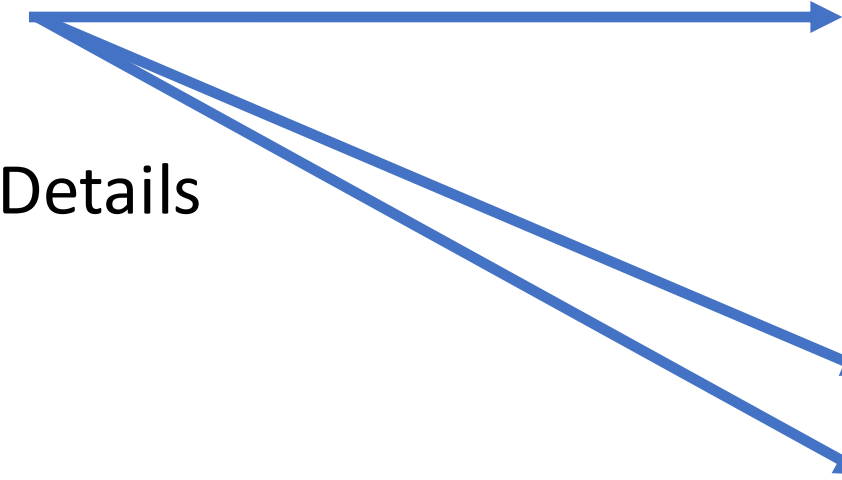
Vendor Team <> Treasury

Vendor Team

- Accounting System / ERP
 - Stores Banking Details
- Adds / Changes Banking Details
- Nacha Rules
- Fraud Avoidance
 - Internal / External Fraud

Treasury

- Payments
 - Wire Payments
 - Cross Border Payments
- Separate System for Storing Banking Details
- Sync With Accounting System/ERP
- Relationship With Bank(s)
- Fraud Avoidance
 - External Fraud



Vendor Team <> Treasury



- Sync Banking Information
- Send Requests for Electronic Payments



- Review Bank Account Information
- Review Bank Services Included in Relationship
 - Nacha Rules Compliance - Micro Entries Process



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Treasury Asked for Two Confirmation Calls

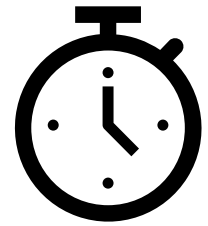
City of Portland continues cybersecurity investigation, pays affordable housing provider for stolen \$1.47 million



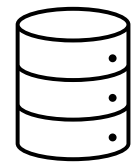
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How Treasury Can Hurt Fraud Prevention



Urgent Requests



Not Sharing Bank Information Services Available



Not Syncing Banking Information



Actionable Takeaways

Actionable Takeaways

1. Meet with IT to see who has access to the vendor master file and correct
2. Implement “Internal Request Form” to collect valid vendor contact information from Buyers for PO vendors and Internal Team Members for non-PO vendors
3. Meet with Treasury and establish process to verify banking information is synced with the Accounting System/ERP



Please tell us what you think!

- Please scan this QR code using your mobile to access a short feedback survey →
- Also accessible via the mobile app



QUESTIONS?



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APM, APPM, CPRS

For vendor process resources, please scan:



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 www.debrarrichardson.com

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